

Environmental and Social Review Summary (“ESRS”)

Factotal Peru S.A. – Alliance with Factotal Peru to Promote Factoring in Peru / 14700-01 – Peru

Original language of the document: Spanish
Issuance date: April 2024

- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) review of the proposed transaction was carried out through desk research, a portfolio review, and a due diligence call with the client. Factotal Peru S.A. (“Factotal Peru”), a subsidiary of Factotal Chile and part of Factotal Group, is a factoring company. Factotal Peru is a new client for IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** The proposed operation is classified as an FI-3 per IIC’s Sustainability Policy. The proposed Project seeks to support factoring operations with MSMEs originated by Factotal Peru, a non-bank financial institution operating since 2015. The sub-transactions to be supported have low E&S risk. The average amount of the factoring transaction per sub-borrower is US\$15,000 and with an average tenor of 30 to 50 days. The service sector represents the dominant segment within the portfolio. Category A sub-projects, per IDB Invest’s definition, are excluded and not considered present in the context of this asset class.

The project is considered Paris Agreement aligned based on an analysis conducted in accordance with the IDB Group Paris Alignment Implementation Approach.

- 3. Environmental and Social Risks and Impacts.** Factotal Peru’s current factoring portfolio finances three segments: 33% microenterprises, 40% small enterprises, and 27% medium enterprises. The Environmental Social Health and Safety (“ESHS”) impacts and risks associated with transactions to sub-borrowers are minor in nature.
- 4. Mitigation Measures.** Factotal Peru currently does not have an Environmental and Social Management System (“ESMS”), however, is undergoing a process to implement its parent company’s E&S management procedures, including an E&S categorization system for their factoring operations. Through this operation, Factotal Peru will be required to develop a basic E&S policy including a set of preliminary procedures to screen at the level of sub-borrower to ensure compliance with the requirements of local law and the IDB Invest Exclusion List. Additionally, Factotal Peru will be required to appoint a E&S coordinator and complete an online training course with IDB Invest on how to manage E&S risks.
- 5. Environmental and Social Action Plan (“ESAP”).** N/A
- 6. Contact Information** For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary** tab), or IDB Invest using the email divulgacionpublica@iadb.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MIICI@iadb.org, or calling +1(202) 623-3952.